

Congress of the United States
Washington, DC 20515

394

May 10, 2017

Chairman Ajit Pai
Commissioner Mignon Clyburn
Commissioner Michael O'Rielly
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Mr. Chairman and Commissioners:

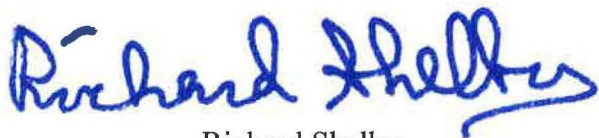
We recently met with representatives of Alabama's rural telecommunications industry. These companies have worked diligently to deploy broadband connectivity into many rural areas of our state. They did so with the assistance of Universal Service Fund (USF) public policy support and in a manner consistent with the Fund's goals.

Our constituent companies report significant progress by the Commission on a number of issues that affect rural carriers. Mr. Chairman, though we understand there are many things left to do, we commend you on these advancements.

We appreciate that significant action is pending with respect to a number of important matters. It is in Alabama's best interest that the Commission remain focused on finding ways to preserve rural USF support, both for carriers who have significantly deployed broadband and for those who are still attempting to do so in the face of challenging market and population demographics. A key component of this is your pending consideration of the "rate floor" mandate and its impact upon rural consumers. We support your intention to address the mandate as planned in your upcoming Open Commission Meeting.

We thank you for your work on these important issues. Please do not hesitate to contact us if we may be of additional assistance.

Sincerely yours,



Richard Shelby
U.S. Senator



Luther Strange
U.S. Senator



Robert Aderholt
U.S. Congressman



Mo Brooks
U.S. Congressman



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 20, 2017

The Honorable Richard C. Shelby
United States Senate
304 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Shelby:

Thank you for your letter expressing support for the Commission's planned actions to address the "rate floor rule." I share your concerns regarding the implementation of the rate floor on rural America. After several years of experience with the rate floor rule, it now appears to impose high costs on rural consumers without any corresponding federal benefit.

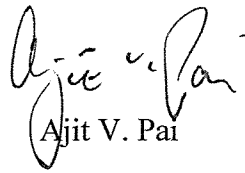
In connection with the 2011 universal service reforms, the Commission required companies that received high-cost support from the universal service program to impose minimum monthly rates for telephone service. Carriers that do not charge their customers at least the minimum amount are penalized with a loss of universal service funding. The thinking then was that the law calls for rates to be "reasonably comparable" and that customers needed to pay a certain minimum rate to make sure that subsidies weren't being wasted. The problem is the rate floor now forces many rural customers to pay *higher* rates than some of their urban counterparts, including those in Washington, D.C. A wide array of stakeholders ranging from the AARP to the National Tribal Telecommunications Association to small, rural telephone companies have raised significant and legitimate concerns that the rate floor has made basic voice service less affordable in some rural areas, limited consumer choice, and slowed broadband deployment. Mandating higher rates under these circumstances seems inconsistent with the direction of section 254(b) of the Communications Act to advance universal service in rural, insular, and high cost areas of the country while ensuring that rates are just, reasonable, and affordable.

As you know, the rate floor was scheduled to rise to \$20 on July 1, and to \$22 on July 1, 2018. To prevent any further unjustified rate increases in rural America, the Commission took action at the recent May Open Meeting to freeze the rate floor at the current minimum rate of \$18 per month. The freeze will stay in effect until the Commission reviews its rate floor policy, or no more than two years. The Commission also adopted a Notice of Proposed Rulemaking seeking comment on whether the rate floor has met its intended purposes, whether changes should be made to the current rate floor methodology, or whether it should be eliminated entirely. We also seek comment on the costs and benefits of the rate floor.

Page 2—The Honorable Richard C. Shelby

I appreciate your interest in this matter. Your views are very important and will be entered into the record of the proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" and last name "Pai" being the most prominent parts.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 20, 2017

The Honorable Robert B. Aderholt
U.S. House of Representatives
235 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Aderholt:

Thank you for your letter expressing support for the Commission's planned actions to address the "rate floor rule." I share your concerns regarding the implementation of the rate floor on rural America. After several years of experience with the rate floor rule, it now appears to impose high costs on rural consumers without any corresponding federal benefit.

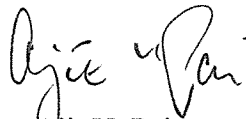
In connection with the 2011 universal service reforms, the Commission required companies that received high-cost support from the universal service program to impose minimum monthly rates for telephone service. Carriers that do not charge their customers at least the minimum amount are penalized with a loss of universal service funding. The thinking then was that the law calls for rates to be "reasonably comparable" and that customers needed to pay a certain minimum rate to make sure that subsidies weren't being wasted. The problem is the rate floor now forces many rural customers to pay *higher* rates than some of their urban counterparts, including those in Washington, D.C. A wide array of stakeholders ranging from the AARP to the National Tribal Telecommunications Association to small, rural telephone companies have raised significant and legitimate concerns that the rate floor has made basic voice service less affordable in some rural areas, limited consumer choice, and slowed broadband deployment. Mandating higher rates under these circumstances seems inconsistent with the direction of section 254(b) of the Communications Act to advance universal service in rural, insular, and high cost areas of the country while ensuring that rates are just, reasonable, and affordable.

As you know, the rate floor was scheduled to rise to \$20 on July 1, and to \$22 on July 1, 2018. To prevent any further unjustified rate increases in rural America, the Commission took action at the recent May Open Meeting to freeze the rate floor at the current minimum rate of \$18 per month. The freeze will stay in effect until the Commission reviews its rate floor policy, or no more than two years. The Commission also adopted a Notice of Proposed Rulemaking seeking comment on whether the rate floor has met its intended purposes, whether changes should be made to the current rate floor methodology, or whether it should be eliminated entirely. We also seek comment on the costs and benefits of the rate floor.

Page 2—The Honorable Robert B. Aderholt

I appreciate your interest in this matter. Your views are very important and will be entered into the record of the proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,



Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 20, 2017

The Honorable Mo Brooks
U.S. House of Representatives
2400 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Brooks:

Thank you for your letter expressing support for the Commission's planned actions to address the "rate floor rule." I share your concerns regarding the implementation of the rate floor on rural America. After several years of experience with the rate floor rule, it now appears to impose high costs on rural consumers without any corresponding federal benefit.

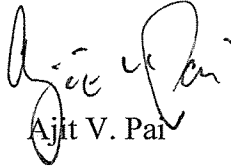
In connection with the 2011 universal service reforms, the Commission required companies that received high-cost support from the universal service program to impose minimum monthly rates for telephone service. Carriers that do not charge their customers at least the minimum amount are penalized with a loss of universal service funding. The thinking then was that the law calls for rates to be "reasonably comparable" and that customers needed to pay a certain minimum rate to make sure that subsidies weren't being wasted. The problem is the rate floor now forces many rural customers to pay *higher* rates than some of their urban counterparts, including those in Washington, D.C. A wide array of stakeholders ranging from the AARP to the National Tribal Telecommunications Association to small, rural telephone companies have raised significant and legitimate concerns that the rate floor has made basic voice service less affordable in some rural areas, limited consumer choice, and slowed broadband deployment. Mandating higher rates under these circumstances seems inconsistent with the direction of section 254(b) of the Communications Act to advance universal service in rural, insular, and high cost areas of the country while ensuring that rates are just, reasonable, and affordable.

As you know, the rate floor was scheduled to rise to \$20 on July 1, and to \$22 on July 1, 2018. To prevent any further unjustified rate increases in rural America, the Commission took action at the recent May Open Meeting to freeze the rate floor at the current minimum rate of \$18 per month. The freeze will stay in effect until the Commission reviews its rate floor policy, or no more than two years. The Commission also adopted a Notice of Proposed Rulemaking seeking comment on whether the rate floor has met its intended purposes, whether changes should be made to the current rate floor methodology, or whether it should be eliminated entirely. We also seek comment on the costs and benefits of the rate floor.

Page 2—The Honorable Mo Brooks

I appreciate your interest in this matter. Your views are very important and will be entered into the record of the proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being more prominent.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 20, 2017

The Honorable Luther Strange
United States Senate
326 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Strange:

Thank you for your letter expressing support for the Commission's planned actions to address the "rate floor rule." I share your concerns regarding the implementation of the rate floor on rural America. After several years of experience with the rate floor rule, it now appears to impose high costs on rural consumers without any corresponding federal benefit.

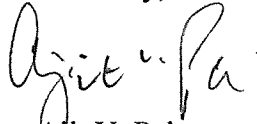
In connection with the 2011 universal service reforms, the Commission required companies that received high-cost support from the universal service program to impose minimum monthly rates for telephone service. Carriers that do not charge their customers at least the minimum amount are penalized with a loss of universal service funding. The thinking then was that the law calls for rates to be "reasonably comparable" and that customers needed to pay a certain minimum rate to make sure that subsidies weren't being wasted. The problem is the rate floor now forces many rural customers to pay *higher* rates than some of their urban counterparts, including those in Washington, D.C. A wide array of stakeholders ranging from the AARP to the National Tribal Telecommunications Association to small, rural telephone companies have raised significant and legitimate concerns that the rate floor has made basic voice service less affordable in some rural areas, limited consumer choice, and slowed broadband deployment. Mandating higher rates under these circumstances seems inconsistent with the direction of section 254(b) of the Communications Act to advance universal service in rural, insular, and high cost areas of the country while ensuring that rates are just, reasonable, and affordable.

As you know, the rate floor was scheduled to rise to \$20 on July 1, and to \$22 on July 1, 2018. To prevent any further unjustified rate increases in rural America, the Commission took action at the recent May Open Meeting to freeze the rate floor at the current minimum rate of \$18 per month. The freeze will stay in effect until the Commission reviews its rate floor policy, or no more than two years. The Commission also adopted a Notice of Proposed Rulemaking seeking comment on whether the rate floor has met its intended purposes, whether changes should be made to the current rate floor methodology, or whether it should be eliminated entirely. We also seek comment on the costs and benefits of the rate floor.

Page 2—The Honorable Luther Strange

I appreciate your interest in this matter. Your views are very important and will be entered into the record of the proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,



Ajit V. Pai